

USAID/Pakistan

Annual Report

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Please Note:

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Pakistan

Performance:

Education:

Country Setting: Pakistan's public primary and secondary education system is immense, bureaucratic, and resistant to change. As a result, the country has some of the world's lowest education and literacy indices. There are approximately 18 million children between the ages of five and nine, but only 42% of these children are in school. Less than half of Pakistani children who enroll complete five years of schooling. For every 100 children who begin first grade, only six complete grade 12. It is estimated that on any given day, close to a quarter of the teachers in public schools are absent and student absenteeism is also high. As a result, Pakistan's literacy rate is only 38% and the gap between literacy rates for men (50%) and women (24%) reflects historical biases against education for girls. The failing public education system has prompted some parents to send their children to religious madrassah schools. Many madrassahs offer higher-quality secular instruction, but there is a small minority that have proven fertile ground for new terrorist recruits.

The reasons for the failure of Pakistan's public primary and secondary schools are many and daunting. Many teachers in public schools leave at the first opportunity. The Government of Pakistan (GOP) has not enforced teaching standards or teacher certification. Politicians all too frequently use teaching positions for patronage purposes, which destroys morale within the professional teaching ranks. There is also considerable confusion at the district, provincial and federal levels about responsibility for education reform and turf struggles between district, provincial and nationally elected officials for control of education resources.

Notwithstanding all these challenges, USAID's primary and secondary education program comes at the right time. There is an unprecedented window of opportunity for education reform in Pakistan. Parents are clamoring for quality education and are willing to contribute from their own resources to pay for it. The Pakistan government has made education a priority and the Minister of Education embodies that commitment. The Government has pledged to raise education expenditures from 2.2% to 4% of GDP. USAID and other donor agencies laud this newfound commitment.

U.S. foreign policy objectives put improving primary education first and foremost among our development goals in Pakistan, as a way to build the economy, counter despair and extremism, while promoting moderation. USAID's program focuses on the provinces of Sindh and Balochistan, two areas with very poor social indicators, which have received less donor attention in education over the years.

USAID's program supports the Ministry of Education's reform agenda by: strengthening national and local capacity to improve and implement education policies, with particular emphasis on expanding access to education for girls; training teachers and school administrators to improve the quality of classroom instruction; increasing youth and adult literacy and testing the use of distance education; and facilitating public-private partnerships to increase adult literacy and community and parental involvement in primary education.

Donor Relations: Key donors in the education sector include DFID, JICA, GTZ, UNICEF, the Asian Development Bank and the World Bank. USAID also has a lead role in the education donor community. We are working with the Japanese Government to rehabilitate and refurbish schools in the Federally Administered Tribal Areas (FATA) that border Afghanistan and considering working with DFID on policy issues (teacher education and financial management).

Challenges: Within this complex country setting, USAID is helping the GOP with two national reforms, namely, the Education Sector Reform (ESR), an ambitious initiative to reform educational policies, improve primary and secondary education service, and to devolve greater decision-making authority and education resource management (devolution) to increase local and community influence and control. Both provide legitimacy to USAID's effort to support systemic improvements that will increase access, equity, and quality educational in Pakistan.

USAID is also supporting the Ministry's desire to bring management of Ministry's education resources closer to the schools. Devolving decision-making and management of financial resources from the federal to the provincial and district levels is a challenging process marked by varying levels of enthusiasm by those who stand to lose power and control, particularly at the provincial level. These tensions are especially marked in the field of education, which remains one of the major areas of provincial authority. While education officials in Sindh province demonstrate a high level of commitment to the process and are taking steps to support its implementation, many in Balochistan remain reluctant. Within these two provinces, USAID is working with political stakeholders to ensure their participation and cooperation in helping meet the Ministry of Education's reforms, especially at the district, union council, and community level.

Democracy and Governance:

Country Setting: Democracy and governance in Pakistan must address multiple challenges to earn the confidence of a largely disenfranchised, disillusioned and distrustful public. The country suffers from weak public institutions at national, provincial and local levels and lacks accountability of elected officials at all levels. Political decision-making is highly centralized and non-participatory. The majority of Pakistanis are marginalized from policy-making and political participation. Creating public demand for democratic politics and governance is vital but remains a challenge. Religious fundamentalists have, in part, exploited these realities and capitalized on the failure of government to respond to its citizens.

The Government of Pakistan is committed to improving governance. The new Interim Poverty Reduction Strategy Paper identifies good governance as a key enabling factor for rapid economic growth and essential for responding to the needs of the poor and women. The United States welcomed the return of the national and provincial legislatures, as a step in the right direction. One of USAID's goals is to strengthen the country's democratic institutions and practices, including the legislatures, which can play a strong, positive, responsive and responsible role in governance.

The Mission aims to help build a more participatory, representative and accountable democracy in five ways: strengthening legislatures at the national and provincial levels; promoting and strengthening independent media; supporting local government; and promoting civil society organizations. These beneficiary institutions will play a critical role in determining whether Pakistan leans toward extremism or tolerant and enlightened moderation.

The program will focus on: legislative governance; civil society; and decentralization of decision-making and governance. There are immediate needs and opportunities to support the national and provincial legislatures. As the Government and donor devolution programs demonstrate successes, the Mission will continue seeking and supporting new avenues to strengthen local governance.

Donor Relations: Key donors in democracy and governance are the Asian Development Bank (ADB), DFID, CIDA, and the United Nations Development Program (UNDP). Areas of mutual interest have been identified: legislative strengthening at the national and provincial levels (closely coordinated with DFID and UNDP), and support for local governance and civil society under devolution (ADB and DFID). USAID's programs will reach geographic areas and/or target groups not covered by other donors. USAID is also part of a largely represented donors' Governance Group coordinated by the Asian Development Bank and UNDP.

Challenges: Pakistan has made some progress towards restoring democracy. The most important example was parliamentary elections in October 2002 for the National Assembly, Senate and all four

provincial legislatures. These elections ended three years of military rule. More than 80% of the parliamentarians elected are serving for the first time. Thirty percent of the total elected are women.

Pakistan also held local government elections in 2001, under a newly enacted Local Government Ordinance. These multiple levels of government pose both challenges and opportunities alike for any nascent democracy. Further, local governments face many new challenges as roles and responsibilities are redefined, new financial management systems established, and greater interaction with civil society brings transparency and accountability to the newly elected and local politics.

During the past three years, Pakistan liberalized the electronic media which provides another important venue for participating in democratic processes. After decades of state monopoly, the Government has opened up the electronic media to private ownership and numerous private radio and television stations and cable distributors are being established. These entities need support not only to improve their program content, managerial capabilities and financial sustainability but to navigate the new Government legal operating framework. These challenges must be addressed given the importance of media and its ability to give voice to the people of Pakistan.

Economic Growth:

Country Setting: Pakistan's recent economic performance has continued to improve after a long period of stagnancy. The reasons ascribed to this phenomenon are inflows of foreign assistance, increased investment, decreased public expenditure, growth in worker remittances, better trade flows, and significant macroeconomic reform. Despite these positive developments, poverty is increasing. Thirty percent of the country's estimated 148 million people live below the poverty line, compared to only 20 percent in the 1980s. Pakistan's security situation continues to affect economic growth, which is crucial to permanent poverty reduction.

The Government of Pakistan understands that economic growth must generate more jobs to reduce poverty and alleviate despair. Programs to spur economic growth and job creation feature prominently in the Government of Pakistan's Interim Poverty Reduction Strategy Paper. USAID will help the Government create new opportunities for poor Pakistanis, especially in and from rural areas.

USAID will stimulate the rural economy and urban centers, where a significant portion of Pakistan's poor live. One program will bring micro-credit and microfinance services - in most instances for the first time -- to rural areas of Balochistan and Sindh provinces. A second program will focus on established and successful micro-entrepreneurs, largely in or near urban centers that need more credit than traditional microfinance institutions can provide. These businesses are poised to create jobs as well as raise incomes.

USAID is also creating a merit- and need-based scholarship fund that will enable poor Pakistanis to complete professional degrees. Pakistan has several world-class business and agriculture schools and the potential to produce internationally competitive graduates. Though Pakistan has many institutions of higher education that can meet this challenge, the social and economic cost of attending these institutions are beyond the reach of most poor students, especially women.

Agriculture accounts for 25 percent of Pakistan's GDP and employs more than half of its population. Balochistan province is particularly arid and suffers from frequent droughts. USAID is considering a new program to raise small-scale farmer incomes by improving agriculture practices and increasing linkages to local agriculture markets. This program would address the primary constraints to economic growth in this sparsely populated region.

Donor Relations: Key donors in the economic growth and microfinance include the Asian Development Bank, the World Bank, and the Swiss Government. USAID participates in the microfinance donor coordination group, which provides a forum for discussion and coordination of issues such as the bridge between microfinance and small business, and the need to diversify services in the microfinance sector.

Challenges: The Government of Pakistan has taken a conscious decision to bring poverty alleviation to

the center stage of economic policy making. Access to sustainable microfinance services for the poor to enhance their income earning capacity is part of the Interim Poverty Reduction Strategy Paper for FY2002 to FY2004. The Government plans to reduce absolute poverty to 15% in 2011. The target is to create 11.3 million jobs by promoting growth in labor-intensive sectors of agriculture and small and medium-sized enterprises. Financial sector reforms have helped establish microfinance institutions, as part of the Microfinance Sector Development Program. State Bank of Pakistan (SBP) is effectively guiding the development of the microfinance sector by promoting successful international best practices.

The Government welcomes donor assistance in helping to provide financial services to low income and poor households that have no access to affordable financial services, especially in rural areas. The experience of microfinance institutions in Pakistan has shown that provision of micro-credit (in very small amounts) per se is not a necessary and sufficient condition for significant poverty reduction. One industry challenge is to ensure that microfinance credit and services actually reach those most in need. However, in order for the microfinance industry to grow in Pakistan, larger lending institutions (like agriculture development banks) must concentrate on providing micro-credit in smaller quantities to greater numbers of poor borrowers. As provision of financial services extends to new geographical locations (with different conditions and requirements), the demand for new products and services will emerge and the credit/service providers will need to innovate/introduce and respond to market driven demand.

Health:

Country setting: Pakistan, the world's seventh most populous nation, is characterized by low life expectancy (63.0); high maternal mortality rate (350 to 435 per 100,000 live births), high infant mortality (estimated: 83 per 1000 births), and high neonatal mortality rate (60%). Although the population growth rate has decreased from 3.0% in the 1980s to 2.16% in 2002, it still remains high. Thirty-three percent of the population of reproductive age has no access to reproductive health services, resulting in a low contraceptive prevalence rate (34%) and a high total fertility rate (4.3). The high growth rate and relatively large proportion of the population under 15 years of age will continue to contribute to the increasing demand for health services, which further challenges and strains the Government's health system and resources.

Health care services are delivered by both the public (20%) and private (80%) sectors. Starting in the early 1980s, the Ministry of Health focused on major public health problems by developing seven programs: family planning and primary health care (Lady Health Workers Program); expanded program on immunization; national AIDS control program; malaria control program; tuberculosis control program; women's health project; and the national nutrition program. The Ministry of Health provides the policy framework, while service delivery and implementation of these policies rests with the provincial Health Departments. Primary health care services are provided through a network of basic health units (5,230), rural health centers (541), and dispensaries (4,625). Secondary and tertiary care network includes Tehsil, district and teaching hospitals (907). There is one hospital bed for 1,490 persons; one doctor for 1,516 persons; and one qualified Lady Health Visitor for 5,845 persons.

In addition, the Ministry of Population Welfare manages a separate health program focused on advocacy, information, education and communication strategies as well as social marketing of contraceptives and services for voluntary birth spacing within the reproductive health package. Its service delivery network consists of 1,790 family welfare centers, 106 reproductive health services centers, 131 mobile service units, 369 outlets for target group institutions, and 1,643 outlets of provincial line departments including those of health departments.

In spite of a large service delivery structure, the public health system has failed to meet the country's needs. This failure stems from issues of both access and quality. While the Government of Pakistan and donors have made substantial investments to build the health infrastructure, access is not uniform and the overall quality of health services, particularly maternal and child health and reproductive health/family planning services, remain very low. There are several contributing factors which include insufficient numbers of qualified health professionals and an overall poor socio-economic environment. Specific to the health system, there are insufficient health sector allocations (0.5 % of GDP), with the major share of

expenditures focusing on tertiary care; irrational placement of medical and health personnel; inadequate in-service trainings; and shortage of staff and equipments leading to non- operational rural health centers, which all contribute to poor service delivery.

Challenges: The Government of Pakistan has embarked upon an ambitious national reform agenda, as outlined in the Interim Poverty Reduction Strategy Paper. The health and population sector reforms are embedded in this national strategy. The district and sub-district levels of government will have greatly enhanced administrative and fiscal responsibilities in agriculture, education, health and the other sectors of development. Each of the country's districts has a specific section or department for health and population. This reinforces the fact that health and population activities as part of social sector development and poverty reduction strategy are the highest national priorities.

The program will promote the health of the women, mothers, children and adolescents through interventions that can be sustained over the long-term by improving the utilization and quality of health services, especially in rural areas. The objective of this assistance is to help the Government develop and provide accessible and quality health and reproductive health programs.

Other Donors: Other donors in the health sector include the Asian Development Bank, Aus Aid, CIDA, DFID, EU, GTZ, Islamic Development Bank, JICA, UNFPA, UNICEF, UNAID, and the World Bank. Areas of mutual interest and collaboration have been identified: reproductive health activities closely coordinated with DFID and UNFPA; strengthening of the management capacity at provincial and district levels with DFID; support to the National AIDS Control program in collaboration with the World Bank. Canada, Germany and Italy have agreed to participate in debt swaps for social sectors through the newly planned Social Sector Fund Facility; international NGOs such as the Save the Children Alliance (UK, USA and Sweden); Action Aid and Oxfam are also active in the sector. USAID participates in meetings of a donor coordination group where opportunities for collaboration to achieve efficiencies are explored.

Country Close and Graduation:

Results Framework

391-001 Pakistan NGO Initiative

391-003 Pakistan Primary Education and Literacy Program

SO Level Indicator(s):

No. of USAID sponsored policies developed at national and implemented at the district level

No. of WDI best practices adopted in other districts

Percent of 5-9 years old children enrolled in schools in target districts (net enrollment)

3.1 Strengthened education sector policy and planning

3.2 Improved capacity of teachers and education administrators

3.3 Improved youth and adult literacy

3.4 Expanded public-private partnerships to improve access and delivery of education services

391-004 Pakistan Democracy and Governance Program

SO Level Indicator(s):

Number of new mechanism used by selected government institutions for citizen inputs

4.1 Improved representation and responsiveness of national and provincial legislatures

4.2 Greater civil society media and political party engagement in policy dialogue

4.3 Devolution supported through more accountable and responsive local governance

391-005 Emergency Economic Assistance to Pakistan

391-006 Agriculture Growth and Employment

SO Level Indicator(s):

Percent of beneficiaries with increased income due to program activities

Percent of beneficiaries with more choices for generating income

6.1 Increased access to micro-credit and microfinance services in the rural economy

6.2 Expanded access to quality education in business and agriculture for the poor

6.3 Increased market based opportunities in the rural economy

391-007 Improve Basic Health Services

SO Level Indicator(s):

Funds allocated by Ministries of Health and Population Welfare to successful USAID program partners

7.1 Increased access to and improved quality of reproductive health services

7.2 Improved health resources management and decision-making at provincial level

7.3 Help maintain Pakistan's low HIV prevalence rate

7.4 Improved maternal and child health services

391-XXX Agricultural Growth and Employment

391-YYY Improved Basic Health Services